

NSA review completed

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 TO ADAMS/BREMER FOR THE SECRETARY
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OCT 11 1974

~~TOP SECRET~~ SENSITIVE CONTAINS CODEWORD VIA BLACK PATCH WH42747

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

TOHAK25

OCTOBER 11, 1974

MEMORANDUM FOR SECRETARY KISSINGER

DOS, NAVY Reviews Completed

FROM: THE SITUATION ROOM

SUBJECT: NOON NOTES

SITUATION IN INDOCHINA: IN CAMBODIA, THE KHMER COMMUNISTS CONTINUE TO SHELL THE PROVINCIAL CAPITALS OF SIEM REAP AND KOMPONG CHAM IN THE NORTH AND SVAY RIENG IN THE FAR SOUTH-EAST. SIGNIFICANT GROUND ACTION IS CONFINED TO ROUTE 4, WHERE THE COMMUNISTS ARE KEEPING PRESSURE ON GOVERNMENT UNITS NEAR THE SOUTHWESTERN PROVINCIAL CAPITAL OF KOMPONG SPEN, AND ROUTE 5, WHERE GOVERNMENT TROOPS ARE MOVING TO DISLODGE INSURGENT ELEMENTS FROM THE HIGHWAY NEAR PURSAT CITY. COMMUNIST EFFORTS TO DISRUPT NATIONAL DAY CEREMONIES IN PHNOM PENH ON OCTOBER 9 FAILED AS FOUR OF FIVE ROCKETS FIRED AT THE CITY FELL SHORT.

FIGHTING IN SOUTH VIETNAM HAS EASED IN THE NORTHERN PROVINCES AND LITTLE MILITARY ACTION IS TAKING PLACE ELSEWHERE. LOCAL CLASHES COULD OCCUR ALONG SOME COASTAL PROVINCES AS THE RICE HARVEST BEGINS. COMMUNIST ATTACKS IN THE BEN CAT AREA NORTH OF THE CAPITAL ARE NOT LIKELY TO RESUME SOON BECAUSE THE GOVERNMENT REGION COMMANDER HAS CALLED OFF PLANS TO PUSH FURTHER INTO COMMUNIST-HELD TERRITORY WEST OF RECAPTURED BACE B2.

PEKING SELLING GOLD TO MEET IMPORT BILL: CHINA HAS SOLD A SIZABLE PORTION OF THE GOLD IT HAD IN LONDON AND ZURICH BECAUSE OF AN INCREASING NEED FOR FOREIGN EXCHANGE. IN CONTRAST TO 1972 AND 1973, WHEN THE BANK OF CHINA PURCHASED 102 METRIC TONS OF GOLD, THE BANK HAS SOLD 43 TONS THIS YEAR. THE MOST RECENT SALES, 14 TONS SINCE LATE AUGUST, REFLECT CHINA'S NEED TO MEET A GROWING IMPORT BILL WITH THE WEST. INFLATION IS PUSHING UP PRICES FOR CHINA'S MAJOR IMPORTS, SUCH AS FERTILIZER, STEEL, AND MACHINERY. IN ADDITION, REPAYMENTS OF SHORT-TERM CREDITS FOR THE RECORD AGRICULTURAL IMPORTS IN 1973 ARE FALLING DUE. PE-

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KING APPARENTLY PREFERS TO DRAW DOWN ITS RESERVES TO MEET CURRENT NEEDS, RATHER THAN BORROW ABROAD AT HIGH INTEREST RATES.

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SOVIETS BUY OIL PIPE IN WESTERN EUROPE: THE USSR HAS TURNED AGAIN TO WESTERN EUROPE FOR LARGE AMOUNTS OF PIPE AND EQUIPMENT FOR ITS EXPANDING OIL AND GAS PIPELINE NETWORK. IN LATE SEPTEMBER THE USSR SIGNED A 1.5 BILLION CONTRACT WITH ITALY'S FINSIDER CORPORATION FOR 2.5 MILLION TONS OF LARGE-DIAMETER PIPE. DELIVERIES WILL BE SPREAD EVENLY OVER FIVE YEARS, AND SOVIET PAYMENT WILL BE PARTLY IN COAL AND IRON ORE SHIPMENTS TO THE ITALIAN FIRM. LATER THIS MONTH, THE USSR IS EXPECTED TO SIGN A THIRD NATURAL GAS-FOR-PIPE DEAL WITH WEST GERMAN FIRMS, UNDER WHICH IT WILL RECEIVE 900,000 TONS OF PIPE BETWEEN 1976 AND 1977.

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